Irish Life | 75 Years of Experience

This is not a customer document and is intended for Financial Advisers only

Retirement Options and Non-resident Clients

PENSION ADVISORY SERVICES

SUMMARY

Irish Life is not authorised to conduct business outside of Ireland. It is only licensed to transact life insurance business in the Republic of Ireland ("ROI") only. Therefore existing customers already in a pre-retirement plan with Irish Life and who want to buy a new product with the pension funds on retirement cannot do so if they are non-resident at the time.

What options are available to existing customers wishing to retire and who are non-resident?

Annuities

- Annuities can be offered as a continuation of an existing Irish Life Personal Pension, PRSA or Personal Retirement Bond.
- Annuities can be offered as a new contract in respect of Irish Life Company Pension plans, provided the trustees are available and are resident in Ireland.
- Annuities can only be offered as a continuation option to the member in respect of Irish Life Company Pension plans if the trustees are not available or are not resident in Ireland.
- We cannot offer an annuity to existing Irish Life ARF/AMRF customers.
- We cannot offer the Investment Protection Annuity to non-resident customers as this is a product under ARF/AMRF legislation.

ARF/AMRF

- We cannot offer a new ARF/AMRF to any non-resident customer/member, even where the funds are coming from an existing pension plan

Vested-PRSA

- It is possible for an existing Irish Life PRSA to be continued as a vested-PRSA.
- However, we cannot subsequently offer an annuity or ARF/AMRF to the non-resident vested-PRSA customer.

Open Market Option – transfer from another provider

- Irish Life cannot accept a new open market annuity or ARF/AMRF in respect of any non-resident customer/member for any pension funds with another provider.

Frequently Asked Questions:

What is the general residency requirement where Irish Life is accepting new polices?

- Irish Life is only licensed to transact life insurance business in the Republic of Ireland ("ROI"). This means it cannot sell, market or solicit its products outside of the ROI
- The test to determine where a life insurance company is carrying on business, is based on the habitual residence of the policyholder
- This means that Irish Life can only deal with customers who are habitually resident in the ROI and who are physically present in the ROI at the point of sale

Does this rule also apply to policies set up as part of a retirement from an Irish pension plan?

Yes, the same rules apply to pension policies. This can unfortunately cause some practical difficulties for clients trying to claim retirement benefits.

Can an ARF/AMRF be set up for a non-resident customer from a Company Pension if the trustees of the scheme are resident in the ROI?

No, Irish Life cannot establish an ARF/AMRF for a non-resident member, even if the ARF/AMRF investment is coming from Company Pension trustees resident in ROI.

What additional requirements apply where a client with an existing Irish Life Retail pension plan is taking an Annuity under a continuation option?

It is possible for Irish Life to offer an annuity to an existing personal pension or PRSA customer who is non-resident, subject to the customer accepting an endorsement to their existing plan before being allowed to take an annuity as a continuation option. This also applies to company pension scheme members if the trustees are not available or are not resident in Ireland.

What annuity options are not allowed?

- **Investment Protection Annuity**
  A customer cannot take an investment protection annuity as this is the ARF/AMRF route.

- **Non-resident customers with existing ARFs, AMRFs, vested PRSAs**
  An annuity cannot be offered to existing customers who are non-resident and who wish to use funds from their AMRFs, ARFs or Vested PRSAs to purchase the annuity.

- **Non-resident persons who have pension plans with other providers**
  An annuity cannot be offered to a person who is not already a customer of Irish Life and who is resident outside of Ireland

What other retirement options may be available?

The customer may have other options, which could include

- **Taking a taxable cash lump sum**
  The option to take a taxable cash lump sum will be subject to the normal conditions that apply to Irish pensions. These are that where a taxable cash lump sum is an option the client must:
  - Be over age 75, or
  - Have previously used €63,500 from an Irish pension arrangement to invest in an AMRF and/or purchase an annuity, or
  - Be in receipt of a guaranteed pension income of €12,700. State and private pensions payable in other countries can be included for the purpose of this test provided the pensions are payable for life. If such pension payments are not in euro, then these will be converted to euro based on the appropriate foreign exchange rate at the time of the claim.

- **Trivial options**
  This option will be subject to the normal conditions that the customer must have less than €20,000 available in all their Irish pension arrangements, after taking their tax free lump sum. If the client has overseas pensions the value of these is not included towards the €20,000 threshold (provided no tax relief was obtained against Irish tax in respect of the overseas pension scheme). The amount taken as a trivial option is subject to normal income tax deductions.

- **Transferring overseas prior to claiming retirement benefits**

What conditions apply on a transfer to an overseas pension arrangement?

A member of an occupational pension scheme or PRB who is entitled to a transfer value after leaving service, or a PRSA customer, can ask the trustees/provider to make the transfer payment to an overseas arrangement. This is subject to the conditions that:

(i) We are satisfied that the retirement benefits to be provided under the overseas arrangement are relevant benefits as defined by Irish occupational pension legislation

(ii) We are satisfied that the overseas arrangement has been approved by an appropriate regulatory authority for the country concerned

The overseas trustee/provider/administrator should provide written confirmation on these points.

For transfers to another EU country, the overseas scheme must be operated by an IORPS (Institution for Occupational Retirement Provision), as set out under the EU IORPS directive.

For transfers to outside of the EU, a transfer can only be made to a country in which the member is currently employed.

A PRB can only transfer to a UK pension arrangement.

A PRSA which is transferred to an overseas pension arrangement is liable to an income tax deduction under PAYE.

A Personal Pension cannot be transferred to an overseas pension arrangement.

It is required that where a member of a company pensions scheme, PRB or PRSA contributor wishes to transfer pension funds overseas that they sign a declaration stating that the transfer conforms to the requirements of the regulations and Revenue pension rules, is for bona fide reasons and is not primarily for the purpose of circumventing pension tax legislation and Revenue rules.

As with any transfer, the customer should make sure that they are aware of the financial consequences of transferring the value of their existing plan. This would include considering

- Is the receiving pension approved by the appropriate regulatory authority
- Ensuring all charges are disclosed, and comparing projected values and charges under the overseas scheme compared with projected values and costs under the Irish pension plan
- What are the investment fund choices and risk level involved
- How will benefits be paid on retirement or on death in the Republic of Ireland
- How will benefits be taxed on retirement or on death in the country in which the pension scheme is located and the country in which the client is resident
- Is the transfer being done to circumvent Irish pension tax legislation and Revenue rules

Please note that Irish Life is not authorised to conduct business outside of Ireland. Those authorised by the appropriate authority in the overseas state may give advice on pensions or investments in that state.

Can the overseas pension scheme accept a transfer from an Irish pension arrangement?

This is a question for those responsible for the overseas arrangement. They would have to ensure that their scheme/policy can facilitate a transfer from Ireland and that the Revenue Commissioners (or other relevant authority) in their country has no objection to the transfer.

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